

# Federal Advisory Committee (FAC) Membership Balance Plan

Please read the Federal Advisory Committee Membership Balance Plan Guidance prior to completing this form

<b>U.S. COMMODITY FUTURES TRADING COMMISSION</b>
<b>(1) FEDERAL ADVISORY COMMITTEE NAME</b> <i>State the legal name of the FAC</i>
Market Risk Advisory Committee ("MRAC")
<b>(2) AUTHORITY</b> <i>Identify the authority for establishing the FAC</i>
The MRAC is a discretionary advisory committee and is established by the authority of the U.S. Commodity Futures Trading Commission ("Commission" or "CFTC") in accordance with the Federal Advisory Committee Act, as amended, 5 U.S.C. App. 2.
<b>(3) MISSION/FUNCTION</b> <i>Describe the mission/function of the FAC</i>
<p>The MRAC's mission and function shall be to conduct public meetings and submit reports and recommendations to the Commission on matters of public concern to clearinghouses, exchanges, intermediaries, market makers, end-users and the Commission regarding systemic issues that threaten the stability of the derivatives markets and other financial markets, and to otherwise assist the Commission in identifying and understanding the impact and implications of an evolving market structure and movement of risk across clearinghouses, intermediaries, market makers and end-users. The MRAC will monitor and advise the Commission with respect to the effects that developments in the structure of the derivatives markets have on these systemic issues. The MRAC will also make recommendations to the Commission on how to improve market structure and mitigate risk to support the Commission's mission of ensuring the integrity of the derivatives markets and monitoring and managing systemic risk. The MRAC provides an opportunity for exchanges, clearinghouses, intermediaries, market makers, end-users, academia, and regulators to offer their advice and recommendations to the Commission.</p>
<b>(4) POINTS OF VIEW</b> <i>Based on understanding the purpose of the FAC,</i> <i>(a) describe the process that will be used to ensure the committee is balanced, and identify the categories (e.g. individual expertise or represented interests) from which candidates will be considered;</i> <i>(b) consider identifying an anticipated relative distribution of candidates across the categories; and</i> <i>(c) explain how a determination was made to appoint any individuals as Special Government Employees or Representative members</i>
<p>The Commission seeks members who represent groups with an interest in the MRAC's mission and function and reflect a wide range of perspectives and interests, including those that may be conflicting, related to the derivatives markets and other financial markets. To advise the Commission effectively, MRAC members must have a high-level of expertise and experience in the derivatives and financial markets and the Commission's regulation of such markets, including from a historical perspective. The major derivatives and other financial market structure organizations (exchanges, clearinghouses and intermediaries), market participants, regulators, and academic experts are among the primary sources of this expertise and experience.</p> <p>Though the precise number of members in any category may vary over time, the Commission expects the MRAC to have approximately 20-25 members with the following types of entities with interests in the derivatives markets and systemic risk being represented (and their approximate number): (i) exchanges (3-5), (ii) clearinghouses (1-3), (iii) intermediaries (1-4), (iv) market makers (5-8), (v) end-users (4-6), (vi) academia (1-2) and (vii) regulators (1-2).</p>

MRAC members will generally serve as representatives in order to provide advice reflecting the views of organizations and entities that constitute the structure of the derivatives and financial markets. MRAC may also include regular government employees when doing so furthers purposes of the MRAC. The membership balance is not static and may change, depending on the work of the MRAC. The Commission will not appoint Federally-registered lobbyists to serve on the MRAC.

#### **(5) OTHER BALANCE FACTORS**

*List any other factors your agency identifies as important in achieving a balanced FAC*

**To the extent practicable, CFTC will strive to select committee members reflecting wide ethnic, racial, gender, and age representation.**

#### **(6) CANDIDATE IDENTIFICATION PROCESS**

*Summarize the process intended to be used to identify candidates for the FAC, key resources expected to be tapped to identify candidates and the key persons (by position, not name) who will evaluate FAC balance. The summary should:*

- (a) describe the process*
- (b) identify the agency key staff involved (by position, not name)*
- (c) briefly describe how FAC vacancies, if any, will be handled by the agency; and*
- (d) state the membership term limit of FAC members, if applicable*

**The Commission identifies organizations to be represented on the MRAC based on commissioners' and CFTC staff professional knowledge of the derivatives and other financial markets, consultation with knowledgeable persons outside the CFTC, and requests to be represented received from organizations. The office of the CFTC commissioner primarily responsible for the MRAC plays a primary, but not exclusive, role in this process and makes recommendations regarding membership to the Commission. The Commission, by vote, authorizes nominated individuals to serve on the MRAC.**

**If there is any membership vacancy, the Commission will evaluate whether a replacement is needed to maintain a fairly balanced membership or otherwise to facilitate the work of the MRAC. If the Commission so determines, it will seek to make a replacement appointment, using the same procedures and with the same considerations as for other appointment.**

**There are no fixed term limits for members unless the Commission specifies a limit in an order appointing a particular member. Pursuant to the Charter, members may be removed at any time by a vote of the Commission.**

#### **(7) SUBCOMMITTEE BALANCE**

*Subcommittees subject to FACA\* should either state that the process for determining FAC member balance on subcommittees is the same as the process for the parent FAC, or describe how it is different*

*\*This is relevant to those agencies that require their subcommittees to follow all FACA requirements.*

**Any subcommittees shall report to the MRAC and not directly to the Commission. As a result, they are not subject to FACA requirements. However, the Commission seeks to ensure that the membership of subcommittees is balanced relative to the particular issues addressed by the subcommittee in question.**

#### **(8) OTHER**

*Provide any additional information that supports the balance of the FAC*

**N/A**

**(9) DATE PREPARED/UPDATED**

*Insert the actual date the Membership Balance Plan was initially prepared, along with the date(s) the Plan is updated*

**August 15, 2013**